

## TAB 7

### TENNESSEE PRICING

#### OVERVIEW

The TRA has taken an active role in ensuring that BellSouth is in compliance with the Commission's pricing rules. Through two arbitration proceedings<sup>1</sup>, the TRA initially established, *inter alia*, methodologies, interim interconnection prices and interim UNE prices. On July 15, 1997, the TRA opened Docket No. 97-01262 to determine permanent interconnection prices and UNE rates. In Phase I of Docket 97-01262, the TRA determined the adjustments for each cost model presented, issuing its First Interim Order on January 25, 1999. After several rounds of hearings, Orders, and adjusted cost study filings, the TRA issued its Final Order on February 23, 2001. As part of that order, the TRA requested that BellSouth file a tariff compliant with its Final Order and to include terms and conditions applicable to each UNE in the tariff. After several modifications, the TRA issued an Order approving BellSouth's UNE tariff on April 30, 2002.

On May 9, 2000, the Directors opened Docket 00-00544 as a generic docket to establish permanent prices for line sharing, riser cable, and network terminating wire elements. Rates were established in the following orders: (1) Order Adopting Interim Rates, dated November 7, 2000; (2) Second Order Adopting Interim Rates, dated February 5, 2001; and (3) First Initial Order, dated April 3, 2002. Pursuant to the April 3 Order, revised cost studies were filed by BellSouth with the TRA on June 4, 2002 and are included in BellSouth's SGAT filed August 30, 2002. Like all of the interim rates from the 00-00544 docket, these rates will be superceded by permanent rates once the TRA has entered a final order in Docket No. 00-00544.

To implement the FCC's regulation 47 C.F.R. 51.507(f), which required that, by May 1, 2000, UNEs sold to CLECs be geographically deaveraged, the TRA approved BellSouth's proposed deaveraged UNE proxy prices for three geographic zones in Docket No. 97-01262 on November 22, 2000, implementing interim deaveraged rates. Docket No. 01-00339 was established to adopt a permanent geographic deaveraging methodology for BellSouth UNE loop rates. On July 12, 2002, the parties to that docket, including BellSouth, MCImetro Access Transmission Services, LLC and Brooks Fiber Communications of Tennessee

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<sup>1</sup> See generally Case No. 96-01272, Petition by MCI for Arbitration of Terms and Conditions of a Proposed Agreement with BellSouth Telecommunications, Inc. Concerning Interconnection and Resale under the Telecommunications Act of 1996 ("*MCI Arbitration*"), and Case No. 96-01152, The Interconnection Agreement Negotiations Between AT&T Communications of the South Central States, Inc. and BellSouth Telecommunications, Inc. Pursuant to 47 U.S.C. ("*AT&T Arbitration*").

("MCI/WorldCom"), Sprint Communications Company L.P. and Sprint United Telephone-Southeast, Inc. ("Sprint"), filed a stipulated agreement for the methodology for deaveraging rates and the TRA accepted and approved that stipulation at its conference on August 5, 2002. On August 30, 2002, BellSouth filed deaveraged rates with the TRA in accordance with the stipulated methodology and modified its SGAT accordingly.

In addition to UNE rates, in its Order dated November 22, 2000 in Docket No. 97-01262, the TRA ordered BellSouth to provide, at TELRIC rates, UNEs that are ordinarily combined in BellSouth's network.<sup>2</sup> Further, as noted earlier, on June 25, 2002, BellSouth amended its SGAT to specify that, in compliance with FCC Rule 51.315(c) and (d), requests for combinations of UNEs that are not currently or ordinarily/typically combined in BellSouth's network are available through the BFR process.

The current prices for interconnection and UNEs in BellSouth's Tennessee SGAT are those approved by the TRA or as proposed by BellSouth. The changes incorporated with BellSouth's latest SGAT on August 30, 2002 were itemized previously. The prices in the revised SGAT are based on TELRIC methodology as implemented by the TRA. BellSouth's Tennessee rates are cost-based and are in compliance with Section 252(d) of the 1996 Act. BellSouth sets forth its cost-based rates for UNEs and interconnection in Attachment 2, Exhibit B (Price List) to the Tennessee SGAT, which is attached to this affidavit as Exhibit JAR/CKC-2. References to the Tennessee SGAT are contained in Exhibit JAR/CKC-6 attached to our affidavit.

#### **BACKGROUND RE TENNESSEE GENERIC COST DOCKETS (DOCKET NOS. 97-01262 & 00-00544)**

##### **History**

Docket No. 97-01262 was initiated to examine cost studies and proposals submitted to determine the prices for unbundled network elements. This proceeding was divided into two phases. Phase I detailed the TRA's decisions on adjustments to cost models. After compliant cost studies with the required adjustments were submitted, final costs were set in Phase II. The TRA began with a list of issues that were to be resolved at the conclusion of the docket, as listed

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<sup>2</sup> TRA Order in Docket 97-01262, dated November 22, 2000, at p. 10: "BellSouth should provide recurring and nonrecurring costs for UNE combinations already combined in its network. FN 17: BellSouth must provide the combination throughout its network as long as it provides this same combination to itself anywhere in its network."

below.

- Issue 1: What cost methodology should the TRA use in setting interconnection and UNE prices?
- Issue 2: What cost model should be adopted for recurring UNE prices?
- Issue 3: What is the appropriate level of shared and common costs to be included in the prices for Unbundled Network Elements?
- Issue 4: What are the appropriate fill factors and utilization factors?
- Issue 5: What depreciation rates should be used in determining interconnection and UNE pricing?
- Issue 6: What cost of capital is appropriate for setting interconnection and UNE prices?
- Issue 7: How should network maintenance expense be calculated for determining UNE prices?
- Issue 8: Whether tax inputs need to be adjusted.
- Issue 9: How should monthly prices be determined?
- Issue 10: What is the appropriate drop length to be used?
- Issue 11: Should loop prices be based on geographically deaveraged costs or statewide average costs? If deaveraged, to what level?
- Issue 12: What is the appropriate loop sampling method for determining permanent rates?
- Issue 13: Is it necessary to set prices for network element combinations? Should Integrated Digital Loop Carrier (IDLC) be offered to competing carriers?
- Issue 14: What is the proper method to calculate switch costs.
- Issue 15: What is the appropriate level of structure sharing to be included in the prices for Unbundled Network Elements?
- Issue 16: What is the appropriate level of operational support services (OSS) costs to be included in permanent rates?

- Issue 17a: What amount of shared and common costs should be recovered in calculating nonrecurring costs?
- Issue 17b: What amount of Operation Support System (OSS) costs should be recovered in nonrecurring rates?
- Issue 17c: Which work activities should be included in developing nonrecurring costs?
- Issue 17d: What amount of costs associated with Cross-Connects should be recovered in nonrecurring rates?
- Issue 17e: What amount of costs associated with testing of unbundled network elements should be included in calculating nonrecurring rates?
- Issue 18: What is the appropriate level of disconnect costs to be included in the nonrecurring price?
- Issue 19: What approach should be adopted for calculating prices for physical collocation? What inputs should be adjusted?

Docket No. 00-00544 was originally opened to establish permanent prices for line sharing elements and riser cable and unbundled network terminating wire. The scope of the proceeding was later expanded to consider the additional unbundling obligations outlined in this Commission's UNE Remand Order. The applicable decisions reached by the TRA in Docket No. 97-01262 were in effect in this later docket, i.e., the TRA's initial rulings were not re-examined. Furthermore any cost support submitted in Docket No. 00-00544 was compliant with the TRA's earlier decisions.

### **TRA Rulings**

**Cost Methodology (TELRIC Compliance)** – The TRA stated: “prices should be established using the forward-looking economic cost methodology as defined by the FCC's TELRIC methodology, including an appropriate markup for the recovery of shared and common costs.” Thus, the rates set by the TRA comport with the underlying TELRIC principles mandated by this Commission.

**Loop Model** – As stated earlier, the set of models used in Tennessee are identical to those BellSouth used to develop costs in Georgia. Thus, many of the Loop Model issues that were issues in Georgia also surfaced in Tennessee. These

issues include: fill, drop lengths, mix of residential/business loops, sample methodology's TELRIC compliance.

Utilization criticism has mainly focused on loop distribution and loop feeder fill factors. In Tennessee, these utilization factors are direct inputs into the model. After review of conflicting testimony, the TRA initially adopted the fill factors proposed by ACSI. On reconsideration, the TRA discovered a mathematical error and an incorrect growth assumption in ACSI's evidence. Upon correction of these errors, the result was "a distribution fill which is comparable to that proposed by BellSouth." Additionally, the TRA determined that it was not reasonable to assume that copper and fiber feeder should have the same utilization factors, as ACSI had done. Based on these findings, the TRA re-instated BellSouth's proposed loop utilization inputs - 50.2% for distribution, 74% for fiber feeder, and 65.1% for copper feeder.

The TRA considered BellSouth's proposed drop lengths and AT&T's recommendation based on the national average of 73 feet. The TRA ruled that: "a 100 foot drop length proposed by AT&T is the most reasonable proposal and best represents conditions in a forward-looking environment and is therefore adopted by the Authority for use in the BST TELRIC Calculator model." Furthermore, in its Second Interim Order, the TRA ordered that in addition to the material prices associated with the drop, the labor must reflect a corresponding reduction.

The TRA extensively reviewed the sample and sampling process and ordered a specific adjustment to the residential/business mix from BellSouth's proposed mix of 79.99%/20.01% to 62.89%/37.11%. The impact of this adjustment alone was a reduction of approximately \$1.00 to BellSouth's proposed rate for a 2-wire analog loop.

The TRA also ordered BellSouth to adjust the amount of structure sharing reflected in the Loop Model such that "three (3) other entities equally share aerial support structures (poles) with BST for a total of four (4)." This reduced the cost of the 2-wire analog loop by \$.20.

In Tennessee, AT&T/MCI contended that BellSouth's Loop Model was not compliant with this Commission's TELRIC principles; advocating the use of the Hatfield model. The TRA evaluated the models presented in Docket No. 97-01262, it found: "Neither AT&T and MCI's Hatfield Model nor BST's TELRIC Calculator is inherently inconsistent with the FCC's TELRIC methodology."

**In-Plant Loading Factors** - The use of loading factors was not raised as an issue in the Tennessee proceedings since AT&T/MCI sponsored the Hatfield Model,

which is based upon a "bottom-up" approach. However, the TRA established rates based upon this methodology.

**Taxes** - The TRA adjusted BellSouth's filed tax rate for ad valorem taxes to reflect the most current (1998) rate.

**Depreciation** - The TRA ordered that: "Tennessee-specific depreciation lives, salvage values and other inputs used in calculating the depreciation rates established by the TPSC in 1993" should be used.

**Cost of Capital** - After careful examination of the record in Docket No. 97-01262, the TRA set the following input values: debt ratio - 40%, debt rate - 7.30%, equity rate - 12.46%. Utilizing these inputs, the effective cost of capital is 10.40%; values the TRA found that reflect "forward-looking estimates of cost of capital for wholesale UNE-leasing business serving BST's Tennessee service territory." The TRA also ordered monthly compounding when converting annual costs to monthly costs. In order to fulfill both TRA-ordered directives, a cost of capital input of 9.93% was entered in BellSouth's compliance runs.

**Expenses & Common Costs** - In Tennessee, parties maintained that the TRA should reject BellSouth's proposed shared and common factors because they improperly include historic costs, do not comply with TELRIC principles, and are based on unwarranted assumptions. AT&T/ MCI argued that the default value of 10.4% contained in the Hatfield Model was appropriate. ACSI proposed a 15% markup to the direct UNE cost stating that this is representative of competitive pricing options actually implemented by local exchange telephone companies. The TRA adopted the ACSI proposal since it felt this input "best reflects the forward-looking cost estimate in a competitive environment." The TRA also directed that the 15% is only applicable to recurring costs.

**Switch Costs** - The TRA found that BellSouth should adjust its switched cost studies in the following manner: (1) use marginal mode of SCIS/MO; (2) recalculate switched usage charges per minute of use using the following formula: [Total Switched Investment - (Nontraffic Sensitive Line + Getting Started Investments)]/Minutes Equivalent of Busy Hours CCS; (3) change the vendor discounts, and (4) assume 70.38% IDLC and 29.62% analog terminations.

**Additional TRA Adjustments** - In addition to the modifications discussed previously, the TRA also adjusted the maintenance (plant specific) factor, ruled that OSS costs should be recovered through a recurring rate, adjusted the fall-out rate for electronic orders, set the feature rate to \$0, removed loop testing from nonrecurring costs, and adopted the AT&T/MCI Collocation Model to set the rates associated with physical collocation.

The applicable adjustments ordered by the TRA were incorporated in the cost support submitted in Docket No. 00-00544. The TRA, however, made additional, element-specific adjustments in that docket. For example, the TRA adjusted work times associated with provisioning xDSL loops, ordered that the recurring and nonrecurring costs for 2-wire and 4-wire UCL (short or long) should equal the recurring and nonrecurring cost of a 2-wire analog voice grade loop (SL1) and 4-wire analog voice grade loop, adjusted splitter recurring rate, adopted Sprint's loop conditioning methodology, and reduced clerical time associated with access to loop make-up information.

**Deaveraging** – In Docket No. 01-00339 the TRA accepted a Joint Stipulation of the parties that used a wire center approach based on the following criteria:

Zone 1 – All wire centers with a UNE cost of 100% or less of the statewide average.

Zone 2 – All wire centers with a UNE cost of 101% to 150% of the statewide average.

Zone 3 – All wire centers with a UNE cost of 150% or greater of the statewide average.

As has been discussed previously, the sample-based Loop Model cannot be used by itself to deaverage loop costs. Thus, BellSouth utilized the HCPM and the partitioning shown above to calculate the following deaveraging ratios: Zone 1 – 78.691%, Zone 2 – 117.90%, and Zone 3 – 196.87%. These ratios were applied against the TRA approved statewide rates to set deaveraged rates.

**Future Cost Docket** - The TRA has recently opened a new docket to determine the potential impact of technological advances on cost development – Docket No. 02-00434.

## RESALE DISCOUNT

In Docket Nos. 96-01152 and 96-01331, the TRA established a resale discount rate of 16% for all services subject to resale (both residence and business). Subsequently, in Docket No. 96-01152, in its Second and Final Order, the TRA established a wholesale discount of 21.56% that would apply in cases where the CLEC provides its own operator services functionality, and does not utilize BellSouth's operator services. The discount rates also apply to CSAs. The methodology used by the TRA to set the resale discounts employed an avoided cost analysis of expense accounts similar to the methodology used by the FCC. The calculation of the discount is attached as Exhibit JAR/CKC-11. In Attachment 1 of its interconnection agreements and in Attachment 2, Exhibit B of its SGAT, (see Exhibit JAR/CKC-2), BellSouth offers the TRA-approved wholesale discount of 16% for residential and business services (or a wholesale discount of 21.56% when the CLEC provides its own operator services) in Tennessee. Discount rates apply to all tariffed recurring and non-recurring and local and intrastate toll retail (telecommunications) offerings except as discussed previously. Although not required to do so by the TRA, BellSouth will apply the wholesale discount to nonrecurring charges associated with resold services.

In keeping with the TRA's Second and Final Order of Arbitration Awards in Docket Nos. 96-01152 and 96-01272, issued July 23, 1997, BellSouth offered promotions of more than ninety (90) days at resale at the stated tariff rate less the wholesale discount, or at the promotional rate. Consistent with the TRA's direction, and in keeping with the Commission's requirements in its *First Report and Order*,<sup>1</sup> BellSouth has revised its SGAT on August 30, 2002 at Attachment 1, Exhibit A to reflect that BellSouth's promotions of more than 90 days will be offered for resale at the promotional rate less the wholesale discount. Promotions of 90 days or less are available for resale at the promotional rate, but are not reduced by the wholesale discount.

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<sup>1</sup> FCC's Local Competition First Report and Order, Docket No. CC-96-98, Order No. 96-325, dated August 8, 1996, at ¶950. ("*First Report and Order*")



## GEOGRAPHIC DEAVERAGING

Docket No. 01-00339 *Geographic Deaveraging* was opened pursuant to the Final Order in Docket 97-01262. The Pre-Hearing Officer issued a Report and Recommendation on March 13, 2002, recommending that this docket be retained to address geographic deaveraging and that a new docket be opened to address technology advances. The Recommendation was approved by the Authority on April 16, 2002 and a new docket 02-00434 was established for technology advances. On July 12, 2002, the parties filed a stipulated agreement for the methodology for deaveraging rates and the Authority accepted and approved that stipulation at its conference on August 5. BellSouth has since filed deaveraged rates with the Authority in accordance with the stipulated methodology and modified its SGAT accordingly.

**BELLSOUTH NINE STATE UNE RATE COMPARISON**

## UNE RATE COMPARISON (\$)

	GA	LA	MS	SC	KY	AL	NC	FL	TN
<b>Unbundled Loop (Service Level 1) (1)</b>									
Statewide	16.51	17.30	23.12	17.60	18.04	17.60	15.88	15.27	14.92
Z1	14.21	12.90	12.03	14.94	10.56	12.58	12.11	10.69	11.74
Z2	16.41	23.33	16.87	21.39	15.34	21.05	21.24	15.20	17.59
Z3	26.08	48.43	25.68	26.72	31.11	34.34	33.65	26.95	29.37
Z4			43.85						
NRC (See Page 3)	55.69	51.46	55.99	56.16	79.22	55.94	73.05	59.31	39.67
HCPM (2)	15.20	18.98	29.89	19.25	22.35	22.86	15.54	13.57	18.94
<b>UNE-P Combo (Includes Loop, Port and Features. See page 4 for Usage)</b>									
Statewide	14.34	17.60	25.01	19.31	18.41	18.90	16.46	16.36	15.82
Z1	12.59	13.13	13.63	16.56	10.79	13.79	13.03	12.18	12.81
Z2	14.26	23.75	18.54	23.19	15.52	22.28	21.33	16.29	18.35
Z3	21.62	49.62	27.67	28.84	31.74	35.89	32.61	27.04	29.50
Z4			46.32						
NRC (See Page 3)	2.56	3.08	5.80	6.02	7.98	5.93	3.08	1.62	1.03
<b>Unbundled DSL Loop (UCL-ND)</b>									
Z1	11.02	11.77	11.01	12.94	10.58	11.20	10.61	7.69	11.74
Z2	12.72	22.39	11.51	14.51	11.51	13.27	17.55	10.92	17.59
Z3	20.22	48.26	11.57	15.02	13.19	15.07	27.58	19.38	29.37
Z4			13.10						
NRC (see Page 3)	57.84	50.19	54.60	42.89	77.43	52.27	71.78	54.72	39.67

- (1) The recurring costs associated with the cross connects are not included. For GA, this rate is \$.30 per SL1; LA = \$.0318 per SL1; MS = \$.0288 per SL1; SC = \$.0341 per SL1; KY = \$.0555 per SL1; AL = \$.03; NC = \$.03; FL = \$.03; TN = \$.0475
- (2) HCPM average cost per loop from FCC 12/99 data based on total (switched & non-switched) lines and reflective of FCC adjustments used for benchmarking purposes.

**UNE RATE COMPARISON (\$)**

	GA	LA	MS	SC	KY	AL	NC	FL	TN
<b>DAILY USAGE</b>									
<b>FILES (per Message)</b>									
<i>ADUF</i> - Message Processing	.0079506	.001825	.00186100	.00185600	.001857	.00185100	.001825	.001656	.001825
<i>ADUF</i> - Data Transmission	.0000434	.00012147	.00012278	.00012515	.00012447	.00011300	.00012147	.0001245	.00012147
<i>EODUF</i> - Message Processing	.003456	.229779	.234915	.241298	.235889	.222067	.2285406	.080698	.229779
<i>ODUF</i> - Recording	.0000090	.0000117	.00000630	.0000216	.00001360	.000011	.0000117	.0000071	.0000044
<i>ODUF</i> - Message Processing	.0046462	.002446	.002509	.002508	.002506	.002499	.002446	.002146	.002446
<i>ODUF</i> - Msg Proc, Per Magnetic Tape	28.85	35.54	35.97	35.84	35.90	35.76	35.54	35.91	35.54
<i>ODUF</i> - Data Transmission	.00004340	.00010122	.00010232	.00010429	.00010372	.000094	.00004	.00010375	.0000339
<b>HOT CUTS</b>									
<b>ORDER COORD</b>	16.11/loop	7.92/loop	8.20/loop	8.17/loop	9.00/loop	8.15/loop	7.92/loop	9.00/loop	36.52/loop
<b>TIME SPECIFIC</b>	35.74/LSR	17.56/LSR	18.19/LSR	18.13/LSR	23.01/LSR	18.09/LSR	17.56/LSR	23.02/LSR	34.29/LSR

## NONRECURRING RATE CONSTRUCTION (\$)

	GA	LA	MS	SC	KY	AL	NC	FL	TN
<b>UNBUNDLED LOOP (SL1)</b>	42.54	36.54	37.92	37.92	46.66	37.81	36.54	49.57	31.99
LOOP CROSS-CONNECT	12.60	11.94	12.37	12.32	24.68	12.30	33.53	8.22	7.68
SERVICE ORDER CHARGE	0.55	2.98	5.70	5.92	7.88	5.83	2.98	1.52	In loop recurring
<b>TOTAL LOOP</b>	<b>55.69</b>	<b>51.46</b>	<b>55.99</b>	<b>56.16</b>	<b>79.22</b>	<b>55.94</b>	<b>73.05</b>	<b>59.31</b>	<b>39.67</b>
<b>UNE-P Switch as is</b>	2.01	0.10	.0988	.10	.10	.10	.10	.10	1.03
SERVICE ORDER CHARGE	0.55	2.98	5.70	5.92	7.88	5.83	2.98	1.52	In loop recurring
<b>TOTAL UNE-P SAI</b>	<b>2.56</b>	<b>3.08</b>	<b>5.80</b>	<b>6.02</b>	<b>7.98</b>	<b>5.93</b>	<b>3.08</b>	<b>1.62</b>	<b>1.03</b>
<b>UNE-P New</b>	22.14	38.85	40.31	40.30	21.29	40.18	38.85	53.31	22.14
SERVICE ORDER CHARGE	0.55	2.98	5.70	5.92	7.88	5.83	2.98	1.52	In loop recurring
<b>TOTAL UNE-P New</b>	<b>22.69</b>	<b>41.83</b>	<b>46.01</b>	<b>46.22</b>	<b>29.70</b>	<b>46.01</b>	<b>41.83</b>	<b>54.83</b>	<b>22.14</b>
<b>UNBUNDLED DSL LOOP (UCL-ND)</b>	44.69	35.27	36.53	42.89	44.97	34.14	35.27	44.98	31.99
LOOP CROSS-CONNECT	12.60	11.94	12.37	12.32	24.68	12.30	33.53	8.22	7.68
SERVICE ORDER CHARGE	0.55	2.98	5.70	5.92	7.88	5.83	2.98	1.52	In loop recurring
<b>TOTAL DSL LOOP (UCL-ND)</b>	<b>57.84</b>	<b>50.19</b>	<b>54.60</b>	<b>61.13</b>	<b>77.53</b>	<b>52.27</b>	<b>71.78</b>	<b>54.72</b>	<b>39.67</b>

**UNE-P USAGE COMPARISON (MONTHLY PER LINE)**

Usage Calculations	Georgia	Louisiana	Mississippi	South Carolina	North Carolina	Kentucky	Alabama	Florida	Tennessee
% Intraoffice	0.28	0.35	0.45	0.33	0.27	0.43	0.35	0.26	0.32
% Interoffice	0.72	0.65	0.55	0.67	0.73	0.57	0.65	0.74	0.68
% Tandem Occurrence	0.0646	0.0864	0.1325	0.0624	0.1297	0.0405	0.0943	0.0099	0.1186
Local Minutes per month	790.00	1173.00	772.00	739.00	793.00	789.00	1042.00	742.00	1164.00
Mileage	25.77	23.98	33.21	23.63	24.08	32.95	31.25	22.59	26.28
Number of Calls (Local)	246.90	255.10	192.90	211.00	193.50	202.30	242.40	218.30	219.70
Non-Local MOU per Month	224.25	177.56	193.23	201.53	209.09	193.06	183.80	224.93	183.08
	Georgia	Louisiana	Mississippi	South Carolina	North Carolina	Kentucky	Alabama	Florida	Tennessee
End Office Switching per MOU	\$0.0016333	\$0.0018679	\$0.0010269	\$0.0010519	\$0.0015000	\$0.0011971	0.0007025	\$0.0007662	\$0.0008041
End Office Switching per MOU - Terminating									
EO Interoffice Trunk Port per MOU	\$0.0001564	\$0.0001800	\$0.0001610	\$0.0002136	\$0.0002300	\$0.0002112	0.0001638	\$0.0001640	\$0.0000000
Tandem Switching Function per MOU	\$0.0006757	\$0.0001067	\$0.0001723	\$0.0001634	\$0.0006000	\$0.0001940	0.0000950	\$0.0001319	\$0.0009778
Tandem Interoffice Trunk Port per MOU	\$0.0002126	\$0.0002220	\$0.0001828	\$0.0002863	\$0.0003000	\$0.0002418	0.0002015	\$0.0002350	\$0.0000000
Common Transport - per Mile per MOU	\$0.0000080	\$0.0000032	\$0.0000026	\$0.0000045	\$0.0000100	\$0.0000030	0.0000023	\$0.0000035	\$0.0000064
Common Transport - Facilities per MOU	\$0.0004152	\$0.0003748	\$0.0004541	\$0.0004095	\$0.0003400	\$0.0007466	0.0003224	\$0.0004372	\$0.0003871
Signaling per call									
	Georgia	Louisiana	Mississippi	South Carolina	North Carolina	Kentucky	Alabama	Florida	Tennessee
End Office Switching per MOU	\$2.96	\$4.28	\$1.63	\$1.72	\$2.68	\$1.95	\$1.47	\$1.34	\$1.87
End Office Switching - Terminating									
EO Interoffice Trunk Port per MOU	\$0.25	\$0.34	\$0.20	\$0.30	\$0.36	\$0.27	\$0.28	\$0.25	\$0.00
Tandem Switching Function per MOU	\$0.03	\$0.01	\$0.01	\$0.01	\$0.06	\$0.01	\$0.01	\$0.00	\$0.11
Tandem Interoffice Trunk Port per MOU	\$0.02	\$0.04	\$0.03	\$0.02	\$0.06	\$0.01	\$0.03	\$0.00	\$0.00
Common Transport - per Mile per MOU	\$0.16	\$0.07	\$0.05	\$0.07	\$0.19	\$0.06	\$0.06	\$0.06	\$0.18
Common Transport - Facilities per MOU	\$0.33	\$0.35	\$0.28	\$0.28	\$0.27	\$0.48	\$0.28	\$0.34	\$0.38
Signaling per call									
<b>Total Switching Usage Cost per Line per Month</b>	<b>Georgia \$3.76</b>	<b>Louisiana \$5.09</b>	<b>Mississippi \$2.20</b>	<b>South Carolina \$2.40</b>	<b>North Carolina \$3.62</b>	<b>Kentucky \$2.78</b>	<b>Alabama \$2.13</b>	<b>Florida \$2.00</b>	<b>Tennessee \$2.53</b>

**NOTES:**

(1) For this analysis, BellSouth assumed that the facility termination includes two terminations

## OVERVIEW OF UNE COST METHODOLOGY

Item	Georgia	North Carolina	Tennessee	Comments
Cost of Capital	9.27%	9.96%	9.93%	Filed 11/25% in each state. Georgia is the lowest in the nine-state region.
Depreciation:	1995 FCC	FCC-based	1993 TPSC	Filed economic lives. GA and NC adjusted. The lives used in both states are based on FCC prescribed. TRA order rates set by TPSC in 1993.
Digital Switching	16	16	17	
Circuit - Digital	10.5	11	11	
Aerial - Metallic	18	20	20	
Aerial - Fiber	25	25	30	
Underground Metallic	23	25	25	
Underground - Fiber	25	25	30	
Buried - Metallic	18	20	21	
Buried - Fiber	25	25	30	
Cost Model Used for:				
Loop	Loop Model	Loop Model	Loop Model	SL1 Loop. GA - \$16.51, NC - \$15.88, TN - \$14.92 UNE-P Loop. GA = \$12.55; NC = \$14.18, TN - \$14.12
Usage	SNC	SNC	SNC	Flat Rated Usage(FCC Input): GA = \$6.10; NC = \$5.90; TN - \$3.22 UNE-P Port: GA = \$1.79; NC = \$2.28; TN - \$1.70 HCPM: GA - \$22.77, NC - \$23.37, TN - \$22.96
Port	SCIS/MO	SCIS/MO	SCIS/MO	
Total UNE-P	\$20.44	\$22.36	\$19.04	
Cost Calculator	TELRIC Cost Calculator	TELRIC Cost Calculator	TELRIC Cost Calculator	Cost of Capital and Depreciation inputs drive ACFs. NC adjusted structure sharing which impacted pole & conduit loading factors, pole & conduit plant specific factors, and in-plant factors for buried cable. TRA adjusted aerial (pole) sharing.
Loop Model Methodology	Sample	Sample	Sample	In GA the sample was taken from the universe of single line residence and business loops (200 residential/200 business). For NC, the sample size was 199 residential and 199 business loops and 250 residential and 250 business loops in TN. The same issues raised in GA surfaced in NC & TN - drop length, res/bus mix, fill. Additionally, the question of TELRIC compliance was argued in the states. The GPSC & the NCUC adjusted the res/bus mix and fill factors, accepted drop lengths. The TRA adjusted mix and drop lengths. Most importantly, the state commissions found the Loop Model TELRIC compliant.
Common Factor	5.12%	5.77%	15.00%	These factors appear to be close in GA & NC. The TRA set a 15% mark-up to capture both the shared & common costs.





**TAB 8**

**BELLSOUTH PERFORMANCE MEASUREMENTS  
AND ENFORCEMENT PLANS**

BellSouth's Performance Measurements and Enforcement (SEEM) Plans, as well as continued TRA oversight, provide assurance that the local telecommunications market in Tennessee will remain open after BellSouth is granted Section 271 relief.

**TENNESSEE PERFORMANCE MEASUREMENTS  
AND REMEDY PLANS**

*Docket to Establish Generic Performance Measurements, Benchmarks  
and Enforcement Mechanisms for BellSouth Telecommunications, Inc.*  
Docket No. 01-00193

The TRA opened Docket No. 01-00193 on February 21, 2001 to develop a common set of performance measurements and associated standards, and enforcement mechanisms to ensure BellSouth's provides nondiscriminatory access to its network elements in accordance with the requirements of the Telecommunications Act of 1996. Hearings pursuant to this proceeding were held August 20, 2001 through August 23, 2001. On May 24, 2002, the TRA issued its *Order Setting Performance Measurements, Benchmarks and Enforcements Mechanisms*, Docket No. 01-00193. On June 28, 2002, in response to various motions for clarification and/or reconsideration filed by BellSouth, Brook Fiber Communications of Tennessee, MCImetro Access Transmission Services, LLC and MCI WorldCom, the TRA issued its *Amended Final Order Granting Reconsideration and Clarification and Setting Performance Measurements, Benchmarks and Enforcement Mechanisms* replacing the May 24, 2002 Order. On July 12, 2002, BellSouth filed a Motion for Reconsideration of the TRA's Amended Final Order. Subsequently, on August 8, 2002, during the course of a separate proceeding in Docket No. 97-00309, the parties signed a Settlement Agreement in which the parties agreed that:

In resolution of the contested issues in Docket 01-00193, the parties will request the Authority to adopt as the 'Tennessee Performance Assurance Plan' the identical service quality measurement plan and self-effectuating enforcement mechanism adopted by the Florida Public Service Commission in Docket No. 000121-TP on February 14, 2002, as it exists today and as it may be modified in the future, plus the Tennessee Performance Measurements for Special Access contained in the Order Setting Performance Measurements, Benchmarks and Enforcement Mechanisms issued in this docket on June 28, 2002. (See Settlement Agreement, dated August 8, 2002 at ¶2, Docket No. 97-00309.)

The Settlement Agreement was accepted by the TRA on August 8, 2002. The TRA issued its Order Approving Settlement Agreement on August 29, 2002. This permanent Tennessee Performance Assurance Plan will go into effect no later than December 1, 2002. Until that time, the parties agreed that the Georgia SQM

and SEEM plans approved by this Commission in the Georgia/Louisiana Order would serve as the interim Tennessee Performance Assurance Plan.

The interim plan is effective as of August 1, 2002. That plan, is the same plan used by Alabama, Georgia, Kentucky and North Carolina (on an interim basis) that this Commission approved for long distance. Additionally, Louisiana, Mississippi, and South Carolina, which were also approved by this Commission for long distance, use plans that are materially the same as this plan. The permanent Tennessee Performance Assurance Plan is identical to the Florida Plan.

This Commission concluded that the Service Performance Measurements and Enforcements Mechanisms (the SEEM plans) currently in place in Georgia and Louisiana "provide assurance that these local markets will remain open after BellSouth receives section 271 authorization." *GA/LA Order* ¶ 291. The Florida SEEM plan, which the TRA subsequently approved for us in Tennessee after BellSouth and CLECs jointly agreed on that approach, similarly satisfies this Commission's established criteria for an effective performance plan.

The SEEM plan adopted by the FPSC (and subsequently the TRA) is likewise comparable to the Georgia plan. *See id.* ¶ 194. Both plans use the same statistical methodology, provide for remedy payments both to individual CLECs and to the relevant state regulatory bodies, set a meaningful and substantial cap on BellSouth's financial liability, and provide for annual audits and performance review. The Florida plan, unlike the Georgia plan, calculates penalties based on failed measurements (instead of transactions); accordingly, it includes much higher levels of disaggregation and a different fee schedule.

The Tennessee plans are also based on a comprehensive number of key performance measures, are reasonably structured to address poor performance, are self-effectuating, and are subject to review by state commissions and independent audits.

In sum, the SEEM plans in Tennessee provide Bellsouth with "adequate incentives to continue to satisfy the requirements of section 271 after entering the long distance market." *GA/LA Order* ¶291.

## TAB 9

### Operations Support Systems

*Docket to Determine the Compliance of BellSouth Telecommunications, Inc.'s Operations Support Systems with State and Federal Regulations*

Docket No. 01-00362

The TRA also established Docket No. 01-00362 on February 21, 2001 to determine if OSS testing in other states (Georgia and Florida) and the data and results derived from such testing, is appropriate for use in Tennessee. This docket was divided into two phases, with Phase I limited to the issue as to whether BellSouth's OSS are regional. Phase II would then address: (1) whether sufficient "commercial usage" existed to assess BellSouth's compliance with the Section 271 requirement of providing nondiscriminatory access to CLECs, (2) the level of reliance to be accorded the Georgia and Florida third party testing and (3) the extent, if needed, of any Tennessee specific OSS testing.

On June 21, 2002, in its *Order Resolving Phase I Issues of Regionality* the TRA held that BellSouth "failed to satisfy its burden of establishing that its pre-ordering, ordering, provisioning, maintenance and repair and billing systems are regional." In response to this finding, on July 8, 2002, BellSouth filed its *Motion for Reconsideration* with the TRA seeking reconsideration and reversal of the June 21, 2002 decision. On August 8, 2002, the TRA issued its *Order Granting Reconsideration and Modifying the Order Resolving Phase I Issues of Regionality*, holding that BellSouth's OSS are indeed regional, reversing the June 21, 2002 decision.

On September 18, 2002, the TRA entered its *Final Order Approving Settlement Agreement and Administratively Closing Docket*.

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

**September 18, 2002**

**IN RE:**

**DOCKET TO DETERMINE THE COMPLIANCE  
OF BELL SOUTH TELECOMMUNICATIONS,  
INC.'S OPERATIONS SUPPORT SYSTEMS  
WITH STATE AND FEDERAL REGULATIONS**

)  
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)  
)  
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**DOCKET NO.  
01-00362**

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**FINAL ORDER APPROVING SETTLEMENT AGREEMENT AND  
ADMINISTRATIVELY CLOSING DOCKET**

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This matter came before Chairman Sara Kyle, Director Deborah Taylor Tate, and Director Ron Jones, of the Tennessee Regulatory Authority ("Authority" or "TRA"), the voting panel assigned to this docket, during a regularly scheduled Authority Conference that was continued from August 5 to August 7, 2002, for consideration of certain terms of the Settlement Agreement entered into by the parties in TRA Docket No. 97-00309, *BellSouth Telecommunications, Inc.'s Entry Into Long Distance (InterLATA) Service in Tennessee Pursuant to Section 271 of the Telecommunications Act of 1996* ("Docket No. 97-00309" or the "271 docket").

**Background**

On April 26, 2002, BellSouth Telecommunications, Inc. ("BellSouth") submitted its third Section 271 filing to the Authority in TRA Docket No. 97-00309.<sup>1</sup> On May 8, 2002, Director Melvin Malone, serving as Pre-Hearing Officer, issued a Notice

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<sup>1</sup> See 47 U.S.C. § 271.

establishing a procedural schedule in TRA Docket No. 97-00309.<sup>2</sup> The parties proceeded with discovery pursuant to that Notice. On May 23, 2002, Pre-Hearing Officer Malone issued another Notice directing the parties to reserve August 5-9, 2002 for the Hearing in TRA Docket No. 97-00309.

At a regularly scheduled Authority Conference held on July 23, 2002, the panel of Directors presiding over TRA Docket No. 97-00309 voted unanimously to appoint Director Deborah Taylor Tate to act as Pre-Hearing Officer to prepare the docket for a hearing. A Pre-Hearing Conference was held on July 30, 2002. At the suggestion of the Pre-Hearing Officer, the parties initiated settlement negotiations. On July 30, 2002, the Pre-Hearing Officer issued a Notice informing the parties that the Hearing on the Merits in TRA Docket No. 97-00309 would commence on August 6, 2002. Just prior to the Hearing, a Pre-Hearing Conference was convened to discuss the progress of the settlement negotiations. At that time, the parties informed the Pre-Hearing Officer that they desired to continue with the negotiations. On August 7, 2002, the parties informed the Pre-Hearing Officer that they had reached a settlement agreement that would resolve the outstanding issues in TRA Docket No. 97-00309.

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<sup>2</sup> The terms of the former Directors of the Authority, Chairman Sara Kyle, and Directors H. Lynn Greer, Jr. and Melvin J. Malone, expired on June 30, 2002. Chairman Kyle was reappointed and commenced a new term as a Director of the Authority on July 1, 2002. Pursuant to the requirements of the amended provisions of Tenn. Code Ann. § 65-1-204, a three member voting panel consisting of Chairman Kyle and Directors Deborah Taylor Tate and Pat Miller was randomly selected and assigned to TRA Docket No. 97-00309. As noted above, the randomly selected three member voting panel in TRA Docket No. 01-00362 is Chairman Kyle and Directors Deborah Taylor Tate and Ron Jones.

### August 7, 2002 Authority Conference

During the Authority Conference, which was continued to August 7, 2002, Pre-Hearing Officer Tate informed the panel in TRA Docket No. 97-00309 that the parties had reached a proposed Settlement Agreement (attached hereto as Exhibit A).<sup>3</sup> The panel heard from the parties that the Settlement Agreement affected three different dockets, including the 271 docket, TRA Docket No. 01-00362<sup>4</sup> and TRA Docket No 01-00193.<sup>5</sup> The parties also informed the panel that a number of the parties to Docket No. 97-00309 had agreed to the Settlement Agreement, and those parties that did not join in the Settlement Agreement had either withdrawn from the proceedings or concurred in the parties' agreement to submit the case to the panel on the current record.

BellSouth summarized the Settlement Agreement as follows. With regard to Docket No. 97-00309, the parties proposed that the record should be closed as of July 31, 2002 and the case be submitted to the Authority for resolution on that record. The parties agreed that no additional testimony, argument, briefs or opposition would be filed in the docket. The parties requested that the TRA publicly deliberate the 271 docket on August 26, 2002.

As to Docket No. 01-00362, the parties agreed that they would ask the TRA to administratively close the docket. In addition, the parties proposed that the closing of the docket would not prevent any party from filing a complaint with the TRA regarding

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<sup>3</sup> Director Jones sat with the panel in 97-00309 for the purpose of hearing Director Tate's comments and the summary of the Settlement Agreement.

<sup>4</sup> *In re Docket to Determine the Compliance of BellSouth Telecommunications, Inc.'s Operations Support Systems with State and Federal Regulations*, TRA Docket No. 01-00362.

<sup>5</sup> *Docket to Establish Generic Performance Measurements, Benchmarks and Enforcement Mechanisms for BellSouth Telecommunications, Inc.*, TRA Docket No. 01-00193.



BellSouth's Operational Support System ("OSS").<sup>6</sup> The parties requested that the TRA provide expedited treatment to such complaints. The parties agreed, however, that no such complaints would be filed prior to the entry of an order by the TRA reflecting the TRA's decision in the 271 docket.

With regard to TRA Docket No. 01-00193, the parties requested that the Authority adopt as the Tennessee Performance Assurance Plan the service quality measurements and self-effectuating enforcement mechanisms adopted by the Florida Public Service Commission on February 14, 2002, as they presently exist and are modified in the future. Under the Settlement Agreement, the Florida plan would be effectuated no later than December 1, 2002. The parties agreed not to seek amendments to the plan until December 1, 2003, after which the TRA in its discretion may conduct a review of the plan and the parties are free to recommend modifications. The parties agreed that in the interim BellSouth may implement the Georgia Performance Plan and self-effectuating enforcement mechanisms. The parties also proposed that the TRA adopt the Tennessee performance measurements for special access that were included as Attachment B to the *Amended Final Order Granting Reconsideration and Clarification and Setting Performance Measurements, Benchmarks and Enforcement Mechanisms* issued on June 28, 2002. The parties agreed that if the Federal Communications Commission ("FCC") implements national standards, no party is estopped from requesting the TRA to supplant the performance standards in Attachment B with the FCC

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<sup>6</sup> "[T]he term OSS refers to the computer systems, databases, and personnel that incumbent carriers rely upon to discharge many internal functions necessary to provide service to their customers." *In the Matter of Performance Measurements and Reporting Requirements for Operations Support Systems, Interconnection, and Operator Services and Directory Assistance*, FCC Docket No. 98-72, CC Docket No. 98-56; 13 FCC Rcd. 12,817 (released April 17, 1998) (*Notice of Proposed Rulemaking*) ¶9.

standards.

The parties also agreed that the competitive local exchange carriers ("CLECs") that are parties to TRA Docket No. 97-00309 may request, via the filing of a complaint, that the TRA open a generic contested proceeding to address the provision of BellSouth's DSL service to CLEC voice customers and related OSS issues.<sup>7</sup> The parties agreed that BellSouth could raise any and all defenses to the CLECs' complaints. BellSouth agreed not to oppose expedited treatment of such complaints.

Finally, the parties agreed that they would not use the fact that the TRA will not conduct further Hearings in TRA Docket No. 97-00309 as a criticism of the TRA's decision on whether or not to recommend that the FCC approve BellSouth's § 271 application.

After BellSouth finished presenting this summary of the Settlement Agreement, BellSouth, Birch Telecom of the South, Inc., Ernest Communications, Inc., ITC DeltaCom, Inc., MCI WorldCom Communications, Inc., and its subsidiaries, MCI metro Access Services, Inc. and Brooks Fiber Communications of Tennessee, Inc., DIECA d/b/a Covad Communications, Inc. and Time Warner Telecom of the MidSouth, LP orally agreed on the record to the terms of the Settlement Agreement. The Consumer Advocate and Protection Division of the Office of the Attorney General and Reporter stated that while said Division was not a signatory, it is supportive of the Settlement Agreement. On the signature pages of the Settlement Agreement, XO Tennessee, Inc., Intermedia Communications, Inc., Southeastern Communications Carriers Association,

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<sup>7</sup> DSL is an acronym for digital subscriber line, a developing technology that uses ordinary copper telephone lines to deliver high-speed information, including audio, video and text.

ICG Telecom Group, Inc., US LEC of Tennessee, Inc. and American Communications Services, Inc. indicated that they had withdrawn from this proceeding. AT&T Communications of the South Central States, KMC Telecom III, Inc. and KMC Telecom IV, Inc. signed a separate document stating that they were not parties to the Settlement Agreement, but agreed that this matter be submitted to the Authority on the current record without further submissions or hearings.

After considering the parties' statements, the panel in TRA Docket No. 97-00309 unanimously voted to approve the Settlement Agreement on the condition that the panels in TRA Docket No. 01-00362 and TRA Docket No. 01-00193 accepted and approved those portions of the Settlement Agreement affecting those respective dockets. Shortly thereafter, the panel in TRA Docket No. 01-00193 convened and unanimously voted to accept the Settlement Agreement.

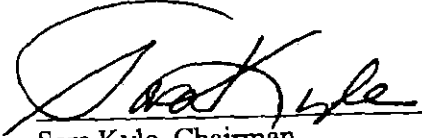
The panel in TRA Docket No. 01-00362 also convened. As a preliminary matter, Chairman Kyle inquired whether the parties objected to waiving the notice requirement to hear this matter. There being no objection, the panel proceeded to consider those portions of the Settlement Agreement that affect this docket. The panel unanimously voted to accept those portions of the Settlement Agreement affecting TRA Docket No. 01-00362 and unanimously voted that TRA Docket No. 01-00362 could be administratively closed after all previously deliberated orders in that docket have been issued.

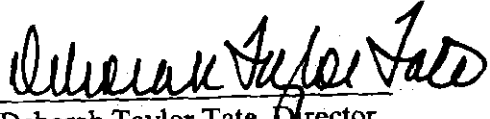
**IT IS THEREFORE ORDERED THAT:**

1. Those portions of the Settlement Agreement in TRA Docket No. 97-00309 that affect the issues in TRA Docket No. 01-00362 are accepted and approved.

2. TRA Docket No. 01-00362 shall be administratively closed upon this Order becoming final.

3. Any party aggrieved by this Order may file a Petition for Reconsideration with the Tennessee Regulatory Authority pursuant to Tenn. Comp. R. & Reg 1220-1-2-20 within fifteen (15) days of the entry of this Order.

  
Sara Kyle, Chairman

  
Deborah Taylor Tate, Director

  
Ron Jones, Director

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
Nashville, Tennessee

In Re: *BellSouth Telecommunications, Inc.'s Entry Into Long Distance  
(InterLATA) Service in Tennessee Pursuant to Section 271 of  
the Telecommunications Act of 1996*

Docket No. 97-00309

SETTLEMENT AGREEMENT

In Docket No. 97-00309, the undersigned parties and BellSouth agree to the following:

1. The record in Docket No. 97-00309 will be closed as of July 31, 2002. No party will submit any further testimony, documentary evidence, argument, briefs, or opposition in this docket for consideration of the Tennessee Regulatory Authority. All of the parties agree to submit this case to the Directors for consideration and determination on its merits based on the existing record. The parties request that the Authority hold its public deliberations at a

special session on August 26, 2002.

- The parties agree that ~~Docket No. 01-00362~~ should be closed but the undersigned
2. ~~A Docket No. 01-00362 shall remain open for issues related to the performance of BellSouth's operational support systems. This docket from filing a complaint with the TRA regarding BellSouth's OSS and in such case all parties will urge the TRA U.S.G. 5271(c). No party shall file any complaint in Docket No. 01-00362 prior to entry of an order by the TRA reflecting the TRA's~~ ~~regarding OSS~~ ~~Such~~ ~~complain~~ ~~on an expedited basis~~

decision whether or not to recommend approval of BellSouth's 271 application.

3. In resolution of the contested issues in Docket 01-00193, the parties will request the Authority to adopt as the "Tennessee Performance Assurance Plan" the identical service quality measurement plan and self-effectuating enforcement mechanism adopted by the Florida Public Service Commission in Docket No. 000121-TP on February 14, 2002, as it exists today and as it may be modified in the future, plus the Tennessee Performance Measurements for Special Access contained in the Order Setting Performance Measurements, Benchmarks and Enforcement Mechanisms issued in this docket on June 28, 2002, as set forth in exhibit B to that order. If the FCC adopts national special access measurements, the parties reserve the right to argue to the TRA as to whether the FCC measures should supercede the Tennessee Measurements. The parties agree that the "Tennessee Performance Assurance Plan" will become effective no later than December 1, 2002. The parties further agree that until the "Tennessee Performance Assurance Plan" is implemented, BellSouth can use, on an interim basis, the "Georgia Performance Plan" approved by the FCC in BellSouth's Georgia/Louisiana 271 application. The parties agree that the "Tennessee Performance Assurance Plan," as defined above, shall continue until at least December 1, 2003, at

which time the Authority at its discretion may conduct a review of the then-existing plan, accept recommendations from interested parties, and make any appropriate modifications.

4. The CLECs may request that the TRA open a generic contested case proceeding to address expeditiously the issue of BellSouth's provision of DSL service to CLEC voice customers and related OSS issues. BellSouth may raise any and all defenses to such complaint. BellSouth will not oppose expedited treatment of such complaint.
5. This agreement is solely for the purpose of settling this docket in Tennessee. Nothing in this agreement restricts the right of any party to take a contrary position in any other forum. The intervening parties and BellSouth agree that the fact that this case was resolved without further hearings will not be used as a basis for opposing BellSouth's Tennessee 271 application at the FCC or for criticizing the TRA's recommendation of BellSouth's 271 application at the FCC. In the event that the TRA declines to act consistently with any portion of this agreement, then the agreement shall be void and shall in no manner be binding upon any party to this agreement.

BELLSOUTH TELECOMMUNICA-  
TIONS, INC.

By: [Signature]

Its: General Counsel - TN

XO TENNESSEE, INC.

By: [Signature]

Its: attly

TIME WARNER TELECOM OF THE  
MID-SOUTH, LP; NEW SOUTH  
COMMUNICATIONS CORP.

By: [Signature]

Its: Attorney

MCI WORLDCOM, INC.; MCI metro  
ACCESS TRANSMISSION SERVICES,  
LLC; BROOKS FIBER COMMUNI-  
CATIONS OF TENNESSEE, INC.

By: [Signature]

Its: Attorney

INTERMEDIA COMMUNICATIONS,  
INC.

By: [Signature]

Its: attly

DIECA d/b/a COVAD COMMUNICA-  
TIONS COMPANY

By: William H. Weber

Its: VICE PRESIDENT, EXTERNAL AFFAIRS

ICG TELECOM GROUP, INC.

By: [Signature]

Its: \_\_\_\_\_

SOUTHEASTERN COMPETITIVE  
CARRIERS ASSOCIATION

By: [Signature]

Its: attly



SPRINT COMMUNICATIONS, LP

NOT PRESENT  
DURING HEARING  
DATES

By: \_\_\_\_\_

Its: \_\_\_\_\_

QWEST f/k/a LCI INTERNATIONAL  
TELECOM CORP.

By: JUST MONITORING

Its: H. [Signature]

BELLSOUTH LONG DISTANCE, INC.

KMC TELECOM III, INC.;  
KMC TELECOM IV, INC.

NOT PARTY TO AGREEMENT;  
SEE STATEMENT IN  
RECORD + PAGE 7  
OF THIS AGREEMENT

By: Heath Anthony [Signature]

By: \_\_\_\_\_

Its: General Counsel

Its: H. [Signature]

COMMUNICATIONS WORKERS OF  
AMERICA

NOT PRESENT DURING  
HEARING DATES

By: \_\_\_\_\_

Its: \_\_\_\_\_

SBC TELECOM

By: Just monitoring

Its: \_\_\_\_\_

ASSOCIATION OF COMMUNICA-  
TIONS ENTERPRISES

NOT PRESENT  
DURING  
HEARING DATES

By: \_\_\_\_\_

Its: \_\_\_\_\_

ITC DELTACOM

By: [Signature]

Its: att[Signature]

US LEC OF TENNESSEE, INC.

*Withdrawn*

By: \_\_\_\_\_

*Thy W*

Its: \_\_\_\_\_

*attorney*

AMERICAN COMMUNICATIONS  
SERVICES, INC.

*Withdrawn*

By: \_\_\_\_\_

*Thy W*

Its: \_\_\_\_\_

*attorney*

BIRCH TELECOM OF THE SOUTH,  
INC.

By: \_\_\_\_\_

*Thy W*

Its: \_\_\_\_\_

*attorney*

ERNEST COMMUNICATIONS, INC.

By: \_\_\_\_\_

*Thy W*

Its: \_\_\_\_\_

*attorney*

BEFORE THE TENNESSEE REGULATORY AUTHORITY  
Nashville, Tennessee

In Re *BellSouth Telecommunications, Inc.'s Entry Into Long Distance  
(InterLATA) Service in Tennessee Pursuant to Section 271 of  
the Telecommunications Act of 1996*

Docket No. 97-00309

AT&T is not a party to this agreement, but AT&T will agree that this matter  
may be submitted to the Authority on the current record without further  
submissions or hearings.

AGREED TO:

AT&T COMMUNICATIONS OF THE SOUTH  
CENTRAL STATES, LLC; TCG MIDSOUTH,  
INC.

By: MA [Signature]

Its: Counsel

KMC TELECOM TAKES THE SAME POSITION AS AT&T.  
KMC TELECOM III, INC. +  
KMC TELECOM IV, INC.

by: H. [Signature]

ITS COUNSEL